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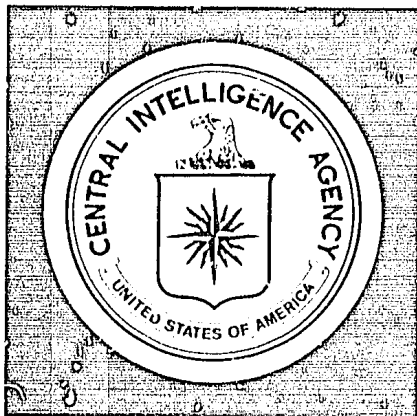
CENTRAL INTELLIGENCE BULLETIN  
11 OCT 1972

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Approved For Release 2005/06/09 : CIA-RDP85T00875R000800020229-5

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DIRECTORATE OF  
INTELLIGENCE

# *Central Intelligence Bulletin*

State Dept. declassification & release instructions on file

**Secret**

**Nº 586**

11 October 1972

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SECRET

No. 0244/72  
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# *Central Intelligence Bulletin*

## CONTENTS

YUGOSLAVIA: State Presidency faces first serious test. (Page 1)

UN-USSR: Soviet call for non-use of force regarded as propaganda. (Page 2)

BURMA: Large scale arrests (Page 3)

EC-EGYPT: Preferential trade pact (Page 3)

THE PHILIPPINES: A Review of the Politics of Martial Law. (Page 4)

SECRET

SECRET

YUGOSLAVIA: The collective State Presidency faces its first serious test in a dispute over allocations of funds to underdeveloped areas of the country.

The fund for investment in these areas is a major divisive issue in Yugoslavia. Last November, the Croat student strike--which culminated in Tito's purge of Croat nationalists--centered in part on Zagreb's demands for a reduction of its contributions to the fund. The current squabble over assessments against individual regions has dragged on for six months past the legal deadline for resolution, and over \$40 million in development funds are tied up by the lack of action. The cabinet announced last Friday that it was dropping the dispute into the lap of the year-old State Presidency.

The 22-member executive body was created by last year's constitutional reforms to serve as a means of breaking legislative bottlenecks of this kind. The constitution empowers the Presidency to direct the National Assembly to pass laws valid for as long as two years. If the National Assembly fails to act, the Presidency can disband it and call for new elections, while passing its own measures in the interim. It is unlikely, however, that Tito will allow the present dispute to go that far.

In one respect the Presidency's involvement in the problem may prove salutary. The development fund can be expected to pose problems for Tito's successors, and by steering its way through the maze of legal and political obstacles while Tito is still in charge, the Presidency may reduce the number of future squabbles over untried constitutional powers. (CONFIDENTIAL)

11 Oct 72

Central Intelligence Bulletin

1

SECRET

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UN-USSR: Most of the major UN members regard the Soviet resolution on the non-use of force, which appears to be Moscow's principal initiative in the current General Assembly, as another propaganda ploy.

The draft Soviet resolution would have UN members renounce the use or threat of use of force in international relations and support the permanent prohibition of the use of nuclear weapons.

Delegations rank this proposal with other Soviet propaganda initiatives of recent years--the "strengthening international security" proposal of the 24th and 25th general assemblies and the push last year for a world disarmament conference. The British and French delegations dismiss the non-use of force proposal as a transparent attempt to convince the third world that the USSR is more peace-loving than the other major powers. The French think that because the draft Soviet resolution duplicates language in the UN Charter, it plays down the charter's significance. The Japanese delegation agrees that the proposal is primarily propaganda.

The Chinese so far have been the most outspoken. Vice Foreign Minister Chiao Kuan-hua said that non-use of force was a "sheer hoax" that was ideologically faulty because it did not distinguish between just and unjust wars. He said that the Soviet call for a permanent ban on nuclear weapons could not be taken seriously until the Soviets themselves pledged no-first-use of nuclear weapons and destroyed existing stockpiles. Ambassador Bush thinks a major Sino-Soviet clash is likely to take place in the General Assembly when debate on the Soviet proposal begins on 2 November. (CONFIDENTIAL)

11 Oct 72

Central Intelligence Bulletin

2

~~SECRET~~

NOTES

BURMA: Government concern over the possibility of heightened activity by rebels associated with exiled prime minister U Nu has led to large-scale arrests. Up to 1,200 individuals, mostly former civilian politicians suspected of pro-Nu sympathies, may now be under detention. Rangoon's current case of jitters was touched off last week by the seizure of an infiltrator who outlined a program of armed terrorism in the capital; this concern was reinforced by a subsequent announcement over the rebels' radio that this activity would begin on 10 October.

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[REDACTED] U Nu's Thailand-based resistance organization does not present a credible military threat to the Ne Win regime, but its ability to foment disturbances may have been significantly increased by popular disaffection over Burma's current rice shortage. (CONFIDENTIAL)

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EC-EGYPT: Negotiation of a five-year preferential trade agreement was completed last week. The Community will reduce duties by 55 percent on Egyptian industrial goods, subject to quota limits for petroleum products and cotton fabrics, and will grant concessions on Egyptian agricultural commodities, including a 40-percent tariff cut for citrus fruits. In return Egypt will reduce tariffs on imports from the EC by 50 percent on a limited number of industrial products. The agreement, which will be formally signed later this year, is the Community's eighth preferential trade pact in the Mediterranean area. The EC has also agreed to negotiate preferential pacts with other Mediterranean countries, including Cyprus, Lebanon, Algeria, and Jordan. (CONFIDENTIAL NO FOREIGN DISSEM)

11 Oct 72

Central Intelligence Bulletin

3

SECRET

THE PHILIPPINES: A Review of the Politics of  
Martial Law

President Marcos' actions since his declaration of martial law on 23 September have been directed more at restoring his popular political backing than at rooting out the Communist security threat. Marcos wants to continue as chief executive after his present--and constitutionally his last--term expires in December 1973, but without popular support he could not rule effectively, even with military assistance. He apparently hopes that the "New Society" reforms, announced with great fanfare during the first week of martial law, will capture the favor of the disaffected rural masses and quiet his critics among the urban middle class.

Martial Law

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[REDACTED] President Marcos had been considering martial law for some time as a tool for prolonging his hold on political power, but by mid-summer he was unsure how or when he might use it. It is quite likely that the Luzon floods of July and August, with the attendant economic chaos and the prospect of resulting popular unrest, which could be exploited by Maoist insurgents, accelerated his timetable. At any rate, his actions since the imposition of martial law indicate that he is following a carefully thought-out plan.

In the first few days under martial law, the Philippine constabulary, in a series of well-coordinated sweeps based on detailed arrest lists, seized Marcos' major critics--including politicians of both parties, proponents of social reform, activist priests (both Filipinos and foreigners), students, journalists, publishers, and some elected officials. All mass media were immediately closed, and those subsequently allowed to reopen have been subjected to stringent censorship. After the initial series of political arrests, the constabulary

11 Oct 72

Central Intelligence Bulletin

4

SECRET

SECRET

began picking up notorious criminals and well-known political warlords and also began the difficult task of disarming the various private armies that abound in the Philippines. The President has said that military courts are being established to try the cases of some detainees, but he has not spelled out specific charges or punishments.

None of this has really impinged on the daily affairs of the average citizen. Nor has the military presence been obvious or oppressive. The long-suffering man-in-the-street in Manila and elsewhere has, in fact, been gratified by improved conditions of law and order.

Marcos has been careful to stress the legality of his actions under the constitution and to emphasize that the country is still under civilian, not military, rule. The military is being used to ensure law and order and to carry out specific tasks on behalf of the President, but otherwise most daily activities of the civil administration and the judiciary continue unaffected. To underscore his contention that martial law is a temporary solution, Marcos has directed the constitutional convention to speed its deliberations on a new draft. The new constitution will replace the presidential system with a parliamentary form of government--a change that could allow Marcos to maintain power indefinitely as prime minister.

#### Marcos as the Man of Destiny

The reform program announced under the rubric of the "New Society" is long overdue in the Philippines. There is, however, ample reason to question Marcos' credentials as a reformer as well as his ability to make significant headway against powerful political and economic interests defending the status quo. Although the tactics have changed, the President's current strategy is similar to the one he used in 1969 to overcome public disenchantment

11 Oct 72

Central Intelligence Bulletin

5

SECRET

SECRET

and win election to an unprecedented second term--dramatic calls for reform, charges that bureaucratic ineptness and entrenched interests were thwarting his programs, and some showcase public works projects. The rural countryside today is still crisscrossed by unfinished sections of concrete roads and half-built bridges begun during the 1969 campaign and abandoned soon after. The 1969 wave of "reform" brought the country to the point of bankruptcy but did nothing to alleviate endemic corruption, warlordism, and social injustice.

Marcos' first steps, though promising, will not necessarily lead to actual implementation of basic reform. The highly touted land reform decree issued last week, when examined closely, seems to call only for implementation on a national scale of the 1963 land reform code for Luzon--a moderate reform that, even so, would be prohibitively expensive to carry out and which would require more government pressure on the landlord class than Marcos may be willing or able to employ. Marcos' past behavior also suggests that the purging of the civil service will do no more than replace one set of inept and venal bureaucrats with another. The arms thus far confiscated are insignificant in number compared with total civilian weapons.

The public is generally skeptical that Marcos is willing or able to do what he says he will. Nonetheless, most Filipinos seem ready to give him the benefit of the doubt in the hope that he will carry out at least some of the reforms he has promised. Because Marcos now tightly controls the press, the public will find it hard to determine the actual progress of reform.

#### The Future

The president's tactics have so far kept the various anti-Marcos groups in disarray. Many opposition leaders are in jail or in hiding. The most

11 Oct 72

Central Intelligence Bulletin

6

SECRET

~~SECRET~~

likely sources of open opposition to Marcos in the near future are the left-wing student organizations, which are already discussing how best to challenge martial law. The Maoist New People's Army, already becoming a haven for many radicals on the arrest list, will doubtless try to step up its insurgent effort, especially now that security forces are partially tied down administering martial law. Some minor skirmishes have already taken place--on Luzon with the Communist insurgents and on Mindanao with Muslim rebels--but thus far these have not differed in form or size from the past leftist and Muslim practice of harassing the constabulary as opportunity arises. In the new situation, however, certain members of the anti-Marcos forces in the establishment might now be willing to support extremist challenges to the president.

If security worsens, Marcos has contingency plans that call for military take-over of the civil administration and vital industries. The progression to direct military rule would bring martial law closer to greater numbers of people and would probably create resentment among segments of the population where none now exists. It would be difficult to implement because it would seriously strain the nation's small military establishment.

Over the short term, it seems more likely that Marcos, by making some surface reforms in Philippine society and maintaining public harassment of corrupt entrenched interests, will be able to improve his public image, retain the crucial loyalty of the military, and overcome any opposition that might develop. Under these circumstances, Marcos could reasonably expect to end martial law in a fairly short time--perhaps six months to a year--and return to constitutional government claiming a broad popular mandate.

Even assuming such smooth sailing, however, the imposition of martial law has permanently changed the political equation. Marcos apparently

11 Oct 72

*Central Intelligence Bulletin*

7

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now sees himself as an indefinite strongman--whether as president, prime minister, or commander in chief--and in the future he will always be tempted to fall back on martial law again whenever his political control seems threatened. At the same time, Marcos' challengers--both within and outside the Filipino establishment--may be pushed to the conclusion that conspiracy and violence are the only means to achieve power. Communists and other extremists have long been advocating this line, and their credibility will now be enhanced. (SECRET NO FOREIGN DISSEM)

11 Oct 72

*Central Intelligence Bulletin*

8

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